

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE
CITY OF LYNCHBURG, VIRGINIA**

828 MAIN STREET, 10TH FLOOR
LYNCHBURG, VA 24504

TEL (434) 455-4490
FAX (434) 847-2067

October 21, 2004

DELIVERED BY HAND

Council Meeting of
October 26, 2004

Agenda Item: 3

Honorable Mayor and Members of the
Council of the City of Lynchburg
c/o W. Kimball Payne, City Manager
P. O. Box 60
Lynchburg, VA 24505

Re: **Industrial Development Authority of the City of Lynchburg, Virginia,
proposed financing for Centra Health, Inc.**

Dear Mr. Mayor and Members of Council:

Centra Health, Inc., a non-profit Virginia non-stock corporation (the "Applicant") has requested the Industrial Development Authority of the City of Lynchburg, Virginia (the "Authority"), to issue its revenue bonds in an amount not to exceed \$200,000,000 (the "Bonds") to assist Centra Health, Inc. in financing the costs of certain capital improvements to the Applicant's healthcare facilities in the City of Lynchburg, Virginia, the acquisition of routine equipment and other capital replacements and additions for the hospital's facilities and administrative offices, to refinance all or a portion of Centra Health's existing financing with the Authority, all of which previous bonds were used to finance certain additions, renovations and other improvements with respect to Centra Health's facilities in the City (the "Project").

As set forth in the enclosed resolution, the Authority has agreed to issue its Bonds as requested. The Authority has conducted a public hearing on the proposed financing of the Project and has recommended that the City Council approve the issuance of the Bonds as required by Section 147(f) of the Internal Revenue Code of 1986, as amended, and Section 15.2-4906 of the Code of Virginia of 1950, as amended.

Attached hereto is a copy of the Applicant's application for financing and (1) a certificate evidencing the conduct of the meeting and the action taken by the Authority (2) the Fiscal Impact Statement required pursuant to Virginia Code Section 15.2-4907, and (3) the form of resolution suggested by counsel to evidence your approval.

It is requested that consideration of the proposed Council Resolution be placed on the Council agenda for the meeting scheduled for Tuesday, October 26, 2004. A representative of the Authority will be present at the meeting.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Barry J. Allen", is written over a horizontal line.

Secretary, Industrial Development Authority
of the City of Lynchburg, Virginia

GFA/ahd

cc: Walter C. Erwin, Esquire
City Attorney

Mary Jane Russell, Acting Director
Office of Economic Development

Wm. Tracey Shaw, Esquire
Edmunds & Williams
Counsel to Centra Health, Inc.

**RESOLUTION OF THE
CITY COUNCIL OF THE CITY OF LYNCHBURG, VIRGINIA**

WHEREAS, the Industrial Development Authority of the City of Lynchburg, Virginia (the "Authority"), has considered the application of Centra Health, Inc. (the "Corporation"), requesting the issuance of the Authority's revenue bonds in an amount estimated not to exceed \$200,000,000 (the "Bonds"), the proceeds of which are to be used for all or part of the following:

(a) Finance the costs of constructing and equipping a five-story building of approximately 115,000 square feet attached to the main entrance of Lynchburg General Hospital ("LGH"), which building will contain approximately 108 acute care beds, kitchen, cafeteria and related common areas and support space;

(b) Finance the costs of improvements to LGH's support facilities, including radiology, dietary, materials management, pharmacy, laboratory and central plant;

(c) Finance the costs of acquiring property for and creating approximately 400 additional parking spaces for LGH on Thomson Drive in the City of Lynchburg;

(d) Finance the costs of acquiring, developing and installing a new hospital information system;

(e) Finance routine and ongoing capital expenditures for the Corporation's facilities LGH, Virginia Baptist Hospital ("VBH"), Guggenheimer Nursing Home, Summit Health and Rehabilitation Center ("SHRC"), Piedmont Psychiatric Center, Bridges Treatment Center ("Bridges") and the Corporation's administrative offices at 1920 Atherholt Road in the City of Lynchburg, including replacements, upgrades and expansions of existing equipment and facilities and additional equipment and other capital outlays appropriate for maintaining the operational efficiency of such facilities;

(f) Refinance all or a portion of the Corporation's promissory note issued in the original principal amount of \$10,500,000 (the "VHA Note") to the Authority under the VHA Central Atlantic LLC Capital Asset Financing Program to finance the construction of SHRC and an addition to Bridges; and

(g) Refund all or a portion of the Authority's outstanding Healthcare Facilities Revenue and Refunding Bonds (Centra Health), Series 1998 (the "Refunded Bonds"), which were issued in the original principal amount of \$70,745,000 to (1) finance certain improvements and expansions at the LGH campus and the VBH campus, the construction of a Community Health Center and routine and ongoing capital expenditures for certain of the Corporation's facilities, and (2) refund the Authority's Hospital Facilities Revenue Refunding Bonds (Centra Health, Inc.), Series 1988, which were issued to refund bonds previously issued by the Authority to finance certain additions, renovations and other improvements with respect to LGH and VBH; and

WHEREAS, the Authority on October 21, 2004, has held a public hearing on the issuance of the Bonds, the financing of the Project, the refinancing of the VHA Note and the refunding of the Refunded Bonds as required by Section 147(f) of the Internal Revenue Code of

1986, as amended (the "Code"), and Section 15.2-4906 of the Virginia Industrial Development and Revenue Bond Act, as amended (the "Act"); and

WHEREAS, the Authority has requested the City Council (the "Council") of the City of Lynchburg, Virginia (the "City"), to approve the issuance of the Bonds to comply with Section 147(f) of the Code, and Section 15.2-4906 of the Act; and

WHEREAS, a copy of the Authority's resolution of October 21, 2004, approving the issuance of the Bonds, a record of the public hearing and a fiscal impact statement with respect to the issuance of the Bonds have been filed with the Council.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LYNCHBURG, VIRGINIA:

1. The Council hereby approves the issuance of the Bonds by the Authority for the benefit of the Corporation, to the extent required by Section 147(f) of the Code and Section 15.2-4906 of the Act, to permit the Authority to issue the Bonds for the purposes set forth above.

2. The approval of the issuance of the Bonds does not constitute an endorsement of the Bonds or the creditworthiness of the Corporation. As required by Section 15.2-4909 of the Act, the Bonds shall provide that neither the City nor the Authority shall be obligated to pay the Bonds or the interest thereon or other costs incident thereto except from the revenues and moneys pledged therefo, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia, the City or the Authority shall be pledged thereto.

3. This Resolution shall take effect immediately upon its adoption.

Adopted:

Certified: _____
Clerk of Council

CERTIFICATE

The undersigned Clerk of the City Council of the City of Lynchburg, Virginia (the "Council"), hereby certifies as follows:

1. A regular meeting of the Council was held on October 26, 2004, at which meeting the following duly elected members were present or absent:

PRESENT:

ABSENT:

2. Attached hereto is a true, correct and complete copy of a resolution adopted by a majority of the members of the Council present and voting at such.

3. The resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect on this date and constitutes the only resolution adopted by the Council relating to the issuance by the Industrial Development Authority of the City of Lynchburg, Virginia, of its revenue bonds for the benefit of Central Health, Inc. for the purposes described therein.

WITNESS the following signature this __ day of October, 2004.

[SEAL]

Clerk, City Council of the City of Lynchburg,
Virginia

APPLICATION FOR AUTHORITY FINANCING

Information Concerning Applicant

1. Legal Name(s) of Applicant(s): Centra Health, Inc. Mailing Address: 1920 Atherholt Road
Lynchburg, Virginia 24501
Applicant's Tax I.D. No.: 54-0715569
2. Name of applicant's representative to be contacted for additional information:

<u>Name</u>	<u>Mailing Address If Different from Applicant's</u>
<u>Lewis Addison</u>	
<u>Senior Vice President and CFO</u>	
Telephone No. <u>(434) 947-4708</u>	Telefax No. <u>(434) 947-4923</u>
3. Type of business presently conducted by applicant, if any:
Healthcare facilities including hospitals, nursing homes, psychiatric facilities and rehabilitation centers
4. Present location of applicant's principal place of business, if any:
Administrative offices: 1920 Atherholt Road, Lynchburg, Virginia.
See also Section 2, Paragraph 3 below.
5. In what year was business started? Centra Health, Inc. was formed in December 1986 through a merger between Virginia Baptist Hospital and Lynchburg General-Marshall Lodge Hospitals, Inc.
6. If a corporation, give state of incorporation: Virginia

7. If a subsidiary of another corporation, give name, state of incorporation and mailing address of parent corporation:
N/A
8. If applicant is a partnership, give (a) name of state under whose laws it is organized: N/A; and (b) City or County in which its principal office is located: N/A.
9. If a partnership, state whether general or limited: N/A
10. If a partnership, give names and residence addresses of all present partners and indicate whether general or limited:
N/A
11. If applicant is a joint venture or other business entity (other than a corporation or partnership), describe and give names and residence addresses of all principals:
N/A
12. If applicant proposes to undertake the facility sought to be financed through a subsidiary corporation, a new corporation, or other entity to be formed by applicant, give details:
N/A
13. If applicant intends to lease the facility to some other corporation or entity or if some other entity is to otherwise occupy and use the facility, so state and give the full proper name of such entity, its principal place of business and if a corporation, the state of incorporation.
N/A
- Lessee's Tax I.D. No.: N/A

Section 2

Information Concerning Facility Sought To Be Financed

Type of facility: (a) industrial ____; (b) facility for commercial enterprise ____; (c) parking facility ____; (d) pollution control facility ____; (e) multi-state, regional or national headquarters or operations center ____; (f) facility for the residence and care of the aged ____; (g) facility for private accredited and non-profit institutions of collegiate education ____; (h) other ☒, if so, describe healthcare facilities

1. Indicate whether facility sought to be financed is a (a) new facility ____; (b) existing facility ☒; or (c) addition to or modification of existing facility ☒.

2. Type of business or activity to be conducted and purpose of facility sought to be financed. Explain proposed use of facility by applicant and/or others and, if a manufacturing plant, the type of products to be manufactured.
Provision of healthcare services.
-
3. Specific site location, including street number, if available and approximate acreage or size of site:
The corporate offices of Centra Health, Inc. are located at 1920 Atherholt Road, Lynchburg, Virginia. It owns and operates the following facilities in the City of Lynchburg: Lynchburg General Hospital ("LGH"), located at 1901 Tate Springs Road; Virginia Baptist Hospital ("VBH"), located at 3300 Rivermont Avenue; Guggenheimer Nursing Home ("Guggenheimer"), 1902 Grace Street; Summit Health and Rehabilitation Center ("SHRC"), located at 1300 Enterprise Drive; Piedmont Psychiatric Center ("PPC"), located on the campus of VBH; and Bridges Treatment Center ("Bridges"), located 693 Leesville Road.
-
4. General description of proposed facility (describe type of construction, square footage, amount for each operation such as manufacturing, storage, office, etc.):
- Construction of a five-story building of approximately 115,000 square feet attached to the main entrance of LGH, which building will contain approximately 108 acute care beds, kitchen, cafeteria and related common areas and support space.
 - Improvements to LGH's support facilities, including radiology, dietary, materials management, pharmacy, laboratory and central plant.
 - Creating approximately 400 additional parking spaces for LGH on Thomson Drive in the City of Lynchburg.
 - Acquiring, developing and installing a new hospital information system.
 - Routine and ongoing capital expenditures for VBH, LGH, Guggenheimer, SHRC, PPC, Bridges and the Corporation's administrative offices, including replacements, upgrades and expansions of existing equipment and facilities and additional equipment and other capital outlays appropriate for maintaining the operational efficiency of such facilities.
-
5. Name and address of architect, if retained:
- | | | |
|---------------------------------------|---------------|-----------------------|
| <u>HKS, Inc.</u> | Telephone No. | <u>(804) 644-8400</u> |
| <u>411 East Franklin Street, #105</u> | | |
| <u>Richmond, Virginia 23219</u> | | |
-
6. Give name of present owner(s) of site: Centra Health, Inc.
-
7. If an existing facility (a) what is its present use? Healthcare; (b) number of regular employees presently employed on year round basis 3,355 FTEs; and (c) average annual salary per such employee \$42,925.

8. If applicant is not the present owner of the site, state what, if anything, has been done concerning the location and acquisition of a site by or on behalf of the applicant.
N/A
9. State the present zoning classification of the site under the Zoning Ordinance of the City of Lynchburg: B-1
10. Is a zoning change required: YES ☐ NO ☒ If yes, state the zoning classification required:
11. Estimated number of regular employees to be employed on year round basis after acquisition or completion of facility: 3,566 FTEs
12. Average annual salary per such employee: \$47,958
13. If application is approved by the Authority, when would applicant anticipate issuance of bonds and work on the facility started? The bonds are anticipated to be issued in November 2004.

Section 3

Cost of Facility and Financing

1. Estimated total cost of proposed facility: \$120,000,000,
In addition, subject to market conditions, approximately \$80,000,000 of bond proceeds may be used to (A) refund all or a portion of the Authority's outstanding Healthcare Facilities Revenue and Refunding Bonds (Centra Health), Series 1998, (B) refinance all or a portion of the Corporation's promissory note issued in the original principal amount of \$10,500,000 to the Authority under the VHA Central Atlantic LLC Capital Asset Financing Program, and (C) fund any required debts service reserve fund, capitalized interest fund, and pay all related financing costs
2. Maximum amount of financing sought through the Authority: \$200,000,000

3. Items of cost to be paid from Authority financing (i.e., land, building, equipment, legal, etc.):

New bed tower on LGH campus and related improvements to support facilities and parking	\$70,000,000
Hospital information system	20,000,000
Routine and ongoing capital expenditures	30,000,000
Possible refinancing of outstanding indebtedness	55,000,000
Funded interest, debt service reserve fund and bond issuance cost	25,000,000

4. If financing is approved, does applicant expect the Authority bonds to be sold by (a) private placement _____; or (b) public offering ☒

5. If by private placement, has applicant received a commitment or other assurance from a bank or others with respect to the sale of the bonds?

YES ☐ NO ☐ Elaborate: _____

6. If by public offering, name and address of underwriter(s) desired:

<u>Name</u>	<u>Mailing Address</u>
UBS Financial Services, Inc.	1285 Avenue of the Americas
Rondy Jennings	New York, New York 10019
Telephone No. (212) 713-3556	

7. Name and address of bond counsel desired:

<u>Name</u>	<u>Mailing Address</u>
Hunton & Williams LLP	951 East Byrd Street
Robert Dean Pope	Riverfront Plaza, East Tower
	Richmond, Virginia 23219
Telephone No. (804) 788-8438	

Section 4

Tax Information

1. State the current assessed value for real estate tax purposes of the land comprising the site and existing improvements thereon.

Land \$ N/A

Improvements	<u>\$ N/A</u>
TOTAL	<u>\$ N/A</u>

2. Current yearly real property tax on the proposed site: \$ N/A
3. Estimated taxable value of the facility's real property (buildings and improvements) to be constructed: \$ N/A
4. Estimated real property tax per year with respect to the facility when completed (buildings and improvements) using present City of Lynchburg tax rates: \$ N/A
5. Estimated personal property tax per year with respect to the facility when completed, using present City of Lynchburg tax rates: \$ N/A
6. Estimated merchants' capital tax per year with respect to the facility when completed, using present tax rates: \$ N/A
7. Estimated business license tax per year with respect to the facility when completed and in use, using present City of Lynchburg license tax rates: \$ N/A
8. Estimated dollar value per year of goods and services that will be purchased locally by applicant or other users of the facility: \$245,000,000

Section 5

Inducement

1. Explain how the requested financing by the Authority will enable or induce applicant to locate in or remain in the City of Lynchburg and the Commonwealth of Virginia?

The financing will enable Centra Health, Inc. to continue to provide high quality health services to the inhabitants of the City of Lynchburg and its environs, and a refinancing of outstanding indebtedness will lower the cost of the provision of such services.

It is understood and agreed by the Applicant, as evidenced by the execution and filing hereof, that Applicant (a) will, upon the filing of this application, pay to the Authority non-refundable fees and advances in the total amount of \$650.00, which includes (i) \$250.00 application fee, (ii) \$150.00 advance against costs of advertisement of public hearing, copying and other incidental costs, and (iii) a \$250.00 advance against the Authority's Counsel fees and, in addition, (b) will pay, when billed, all other costs and expenses of the Authority, including the reasonable fees of its counsel, with respect to this application and any Authority or Lynchburg City Council meetings held in connection therewith.

Applicant also understands and agrees that in the event the Authority approves the application and adopts an inducement resolution and/or enters into an inducement contract with respect thereto and thereafter authorizes the issuance of its bonds or notes to finance a facility on behalf of the Applicant, all costs of the Authority in connection with any such issue, including the reasonable fees of its counsel and bond counsel, will be paid either from the proceeds of the issue or directly by the Applicant or, if such bonds or notes are not issued for any reason, then directly by the Applicant.

The Applicant understands that the approval or disapproval of this application is within the discretion of the Authority and that if approved by the Authority the requested financing will also have to be approved by the City Council of the City of Lynchburg and a proper allocation (bond issuing authority) made to the Authority for the issuance of such bonds or notes under the state limit for the issuance of such bonds or notes as provided in Section 103 of the Internal Revenue Code of 1954, as amended, and the regulations issued thereunder, and as provided by any applicable state legislation, executive order, administrative rules or regulations; that the Authority and/or City Council may require additional financial and other information from the Applicant; that the Authority reserves the right to approve or disapprove bond counsel with respect to each issue; that if this application is approved and Authority bonds or notes are thereafter issued all financing documents shall be in form and substance satisfactory to the Authority, its counsel and bond counsel for the issue and shall include provisions satisfactory to the Authority and its counsel with respect to indemnifying the Authority and payment by Applicant to the Authority of an annual payment to be applied to the Authority's general operating and audit expense while such bonds or notes are outstanding; and that if the Authority adopts an inducement resolution and/or enters into an inducement contract with respect to the issuance of bonds or notes on behalf of Applicant and thereafter before the issuance of its bonds or notes determines (1) that any material information furnished the Authority or the City Council by or on behalf of the Applicant is false or misleading, or (2) if after the adoption of such resolution the proposed financing is not thereafter approved by the City Council of the City of Lynchburg or a proper allocation of bond issuing authority is not made, or (3) if approved by the Authority and the City Council and a proper allocation of bond issuing authority is made, Applicant has not, within the calendar year or other period of time with respect to which the bond issuing authority is made applicable, made all necessary arrangements required of it with respect to the issuance and sale of the bonds or notes and the undertaking of the facility to be financed thereby, or if for any other reason the bonds or notes have not been issued within any such applicable time period, the Authority, in any such event, reserves and shall have the right in its sole discretion to revoke or rescind such inducement resolution and/or inducement contract which the Authority has entered into with the Applicant, after not less than ten (10) days written

notice of the Authority's intention so to do, addressed and mailed to the Applicant at its address given in this Application.

Respectfully submitted this 6th day of October, 2004.



Lewis Addison

Senior Vice President and CFO

Centra Health, Inc.

CERTIFICATE

The undersigned Secretary of the Industrial Development Authority of the City of Lynchburg, Virginia ("Authority") certifies as follows:

1. A meeting of the Authority was duly called and held on October 21, 2004, at 8:30 o'clock a.m. in the Conference Room of the Office of Economic Development, 10th Floor, Bank of the James Building, 828 Main Street, Lynchburg, Virginia, pursuant to proper notice given to each Director of the Authority before such meeting. The meeting was open to the public. The time of the meeting and the place at which the meeting was held provided a reasonable opportunity for persons of differing views to appear and be heard.

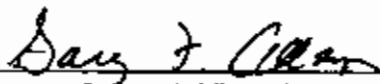
2. The Chairman announced the commencement of a public hearing on the application of Centra Health, Inc. and that a notice of the hearing was published once a week for two successive weeks in a newspaper having general circulation in the City of Lynchburg, Virginia ("Notice"), with the second publication appearing not less than seven days nor more than twenty-one days prior to the hearing date. A copy of the Notice has been filed with the minutes of the Authority and is attached as **Exhibit A**.

3. The names of the individuals who appeared and addressed the Authority, along with a summary of their statements, is attached as **Exhibit B**.

4. Attached hereto as **Exhibit C** is a true, correct and complete copy of a resolution ("Resolution") adopted at the meeting of the Authority by a majority of the Directors present at the meeting. The Resolution constitutes all formal action taken by the Authority at the meeting relating to matters referred to in the Resolution. The Resolution has not been repealed, revoked, rescinded or amended and is in full force and effect.

WITNESS my hand and the seal of the Authority, this 21st day of October, 2004.





Secretary, Industrial Development Authority
of the City of Lynchburg, Virginia

Exhibits:

- A - Copy of Certified Notice
- B - Summary of Statements
- C - Inducement Resolution

The News & Advance

Virginia Newspapers, Inc. A Media General Company

NOTICE OF PUBLIC HEARING BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LYNCHBURG, VIRGINIA ON PROPOSED BOND FINANCING

Notice is hereby given that the Industrial Development Authority of the City of Lynchburg, Virginia (the "Authority"), will hold a public hearing on the application of Centra Health, Inc. (the "Corporation"), for the Authority to issue, pursuant to the Virginia Industrial Development and Revenue Bond Act (the "Act"), its revenue bonds in an amount currently expected not to exceed \$100,000,000 (the "2004 Bonds"). The Corporation is a not-for-profit Virginia nonstock corporation with its corporate offices located at 1920 Altherholt Road, Lynchburg, Virginia. It owns and operates the following facilities in the City of Lynchburg: (1) Virginia Baptist Hospital ("VBH"), located at 1300 Rivermont Avenue, (2) Lynchburg General Hospital ("LGH"), located at 1901 Tate Springs Road, (3) Guggenheimer Nursing Home ("Guggenheimer"), located at 1902 Grace Street, (4) Summit Health and Rehabilitation Center ("SHRC"), located at 1300 Enterprise Drive, (5) Piedmont Psychiatric Center ("PPC"), located on the campus of VBH, and (6) Bridges Treatment Center ("Bridges"), a residential psychiatric facility, located at 603 Leesville Road. The proceeds of the 2004 Bonds will be used for one or more of the following purposes:

(a) Finance the costs of constructing and equipping a five-story building of approximately 116,000 square feet attached to the main entrance of LGH, which building will contain approximately 100 acute care beds, kitchen, cafeteria and related common areas and support space;

(b) Finance the costs of improvements to LGH's support facilities, including radiology, dietary, materials management, pharmacy, laboratory and central plant;

(c) Finance the costs of acquiring property for and creating approximately 400 additional parking spaces for LGH on Thurston Drive in the City of Lynchburg;

(d) Finance the costs of acquiring, developing and installing a new hospital information system;

(e) Finance routine and ongoing capital expenditures for VBH, LGH, Guggenheimer, SHRC, PPC, Bridges and the Corporation's administrative offices at 1920 Altherholt Road, including replacements, upgrades and expansions of existing equipment and facilities and additional equipment and other capital outlays appropriate for maintaining the operational efficiency of such facilities;

(f) Refinance all or a portion of the Corporation's promissory note issued in the original principal amount of \$10,500,000 to the Authority under the VHA Central Atlantic LIG Capital Asset Financing Program to finance the construction of SHRC and an addition to Bridges; and

(g) Refund all or a portion of the Authority's outstanding Healthcare Facilities Revenue and Refunding Bonds (Centra Health), Series 1998, which were issued in the original principal amount of \$70,745,000 to (1) finance certain improvements and expansions at the LGH campus and the VBH campus, the construction of a Community Health Center and routine and ongoing capital expenditures for certain of the Corporation's facilities, and (2) refund the Authority's Healthcare Facilities Revenue Refunding Bonds (Centra Health, Inc.), Series 1998, which were issued to refund bonds previously issued by the Authority to finance certain additions, renovations and other improvements with respect to LGH and VBH.

As required by the Act, the issuance of the 2004 Bonds as requested by the Corporation will not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or the City of Lynchburg, Virginia. Neither the Commonwealth of Virginia nor any political subdivision thereof, including the Authority and the City of Lynchburg, Virginia, shall be obligated to pay the 2004 Bonds, or the interest thereon, or other costs incidental thereto, except from the revenues and monies pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia nor any political subdivision thereof will be pledged to the payment of principal of the 2004 Bonds or the interest thereon or other costs incidental thereto.

The hearing will be part of the approval process with respect to the issuance of the 2004 Bonds, and, following the hearing, the Authority approves the issuance, the City of Lynchburg will then consider the issue for approval.

The public hearing, which may be continued or adjourned, will be held at 8:30 o'clock a.m. on October 21, 2004, before the Authority, at its offices at the Bank of the James Building, 20th Floor, 828 Main Street, Lynchburg, Virginia. Any person interested in the issuance of the 2004 Bonds or the location or nature of the proposed projects may appear at the hearing and present his or her views or may send written comments before such hearing to the Authority, c/o the Secretary of the Authority, P. O. Box 1115, Lynchburg, Virginia 24505. A copy of the application may be inspected at the offices of the Authority.

Industrial Development Authority of the
City of Lynchburg, Virginia

By: Gary F. Allen
Secretary

This is to certify that the attached

Order of Publication was published

In The News & Advance, a newspaper

Published in the City of Lynchburg,

Virginia, 2 times on

October 6th & 13th 2004

Given under my hand on the 13th day

of October 2004

Shelley Jackson

Classified Supervisor

Monthly Account No. _____

Transient Account No. 154769

Order No. 484536

Total amount for this 267 lines

Insertion is \$ 805.66

Lynchburg, Virginia 24506-0129 (434) 385-5502

EXHIBIT "B" TO CERTIFICATE

SUMMARY OF STATEMENTS

The Chairman declared the public hearing open. The Chairman asked Mr. Craddock to advise the Directors concerning the necessity for this public hearing. Mr. Craddock reminded the Directors that the notice of this public hearing had been published as required by law and it was upon the application of Centra Health, Inc. for the Authority's assistance in financing the costs of constructing and equipping capital improvements to Centra Health's healthcare facilities in the City of Lynchburg, to acquire equipment, and to refinance and to refund financing which the hospital had previously made through the Authority in conjunction with VHA Central Atlantic, the Authority's Healthcare Facilities Revenue Refunding Bonds (Centra Health, Inc.) Series 1998, and to refund the Authority's Hospital Facilities Revenue Refunding Bonds (Centra Health, Inc.) Series 1988. Mr. Craddock reviewed the application with the Directors. The Chairman asked if anyone was present who wished to speak in favor of the application.

Mr. Craddock introduced William Tracey Shaw, attorney with Edmunds & Williams, Counsel for Centra Health, and Lewis Addison, Chief Financial Officer of Centra Health, Inc., who also reviewed the application with the Directors. Mr. Addison stated that Centra Health presently employs approximately 3,500 full-time equivalent employees and a total of approximately 4,200 full and part-time employees. Mr. Addison reviewed the projects contained in the application and advised the Directors that the additional financing, and the difference in interest rates on the previous issues which Centra Health is asking to be refinanced, and the size of the project, all will assist Centra Health in being better able to carry out its mission because of the new facilities and lower interest expense.

The Chairman then asked if anyone wished to speak in opposition to the application. No one appeared or spoke in opposition to the application. The Chairman declared the public hearing closed.

**RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF LYNCHBURG, VIRGINIA**

WHEREAS, Centra Health, Inc., a not-for-profit Virginia nonstock corporation (the "Corporation"), has requested the Industrial Development Authority of the City of Lynchburg, Virginia (the "Authority"), to issue its revenue bonds in one or more series to (1) finance the costs of certain capital improvements to the Corporation's healthcare facilities in the City of Lynchburg and the acquisition of routine equipment and other capital replacements and additions for the Corporation's facilities and administrative offices (collectively, the "Project"), (2) refinance all or a portion of the Corporation's promissory note issued in the original principal amount of \$10,500,000 (the "VHA Note") to the Authority under the VHA Central Atlantic LLC Capital Asset Financing Program to finance certain capital projects and (3) refund all or a portion of the Authority's outstanding Healthcare Facilities Revenue and Refunding Bonds (Centra Health), Series 1998 (the "Series 1998 Bonds"), which were issued in the original principal amount of \$70,745,000 to (a) finance certain improvements and expansions at the Corporation's facilities, the construction of a Community Health Center and routine and ongoing capital expenditures for certain of the Corporation's facilities, and (b) refund the Authority's Hospital Facilities Revenue Refunding Bonds (Centra Health, Inc.), Series 1988, which were issued to refund bonds previously issued by the Authority to finance certain additions, renovations and other improvements with respect to the Corporation's facilities; and

WHEREAS, the Corporation in its appearance before and application to the Authority has described the Project and a plan for the financing and has requested the Authority to issue its revenue bonds (the "Series 2004 Bonds") under the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), in a principal amount not to exceed \$200,000,000 without further approval of the Authority; and

WHEREAS, a public hearing has been held as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 15.2-4906 of the Act; and

WHEREAS, there have been presented to this meeting drafts of the following instruments (the "Financing Documents"), which the Authority proposes to execute or approve to carry out the issuance and sale of the Series 2004 Bonds in multiple series, to finance the Project, refinance the VHA Note and refund the Series 1988 Bonds, copies of which instruments shall be filed with the records of the Authority:

(a) Bond Trust Indenture (the "Bond Indenture") between the Authority and Wachovia Bank, NA, as bond trustee (the "Bond Trustee"), including the form of the Series 2004 Bonds.

(b) Loan Agreement (the "Loan Agreement") between the Authority and the Corporation.

(c) The form of the Corporation's promissory note to be issued to the Authority as a single or several notes in the aggregate principal amount of the aggregate principal amount of the Series 2004 Bonds (the "Note"), including the form of assignment thereof from the Authority to the Bond Trustee.

(d) An Official Statement in preliminary form (the "Preliminary Official Statement") relating to the offering of the Series 2004 Bonds.

(e) The form of Purchase Contract (the "Purchase Contract") between the Authority, the Corporation and the underwriters for the Series 2004 Bonds (the "Underwriters"), with respect to the sale and purchase of the Series 2004 Bonds.

BE IT RESOLVED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LYNCHBURG, VIRGINIA:

1. It is hereby found and determined that the financing of the Project, the refinancing of the VHA Note and the refunding of the Series 1998 Bonds will be in the public interest of the City of Lynchburg and will promote the health and welfare of the inhabitants of the City of Lynchburg and its environs by assisting in the provision of modern and efficient medical services and lowering the cost of the provision of such services, and will be in furtherance of the Act. The Authority hereby agrees to assist the Corporation by issuing the Series 2004 Bonds for one or more of the above purposes in an amount not to exceed \$200,000,000 without the further approval of the Authority, upon terms and conditions to be mutually agreed upon between the Authority and the Corporation as provided below, and subject to the requirements of the Act.

2. The Authority hereby authorizes the issuance of the Series 2004 Bonds pursuant to the Bond Indenture, the sale of the Series 2004 Bonds to the Underwriters pursuant to the Purchase Contract and the loan of the proceeds of the Series 2004 Bonds to the Corporation pursuant to the Loan Agreement. The Series 2004 Bonds may be sold to one or several Underwriters. The Series 2004 Bonds may be sold pursuant to one or more Purchase Contracts and the same Underwriters may not be parties to all Purchase Contracts. Subject to paragraph 3, the Series 2004 Bonds shall have such principal amounts and maturities, bear such date or dates, bear interest at such rate or rates, be payable at such times or times and sold in such manner and on such terms as approved by the Chairman or the Vice Chairman of the Authority, either of whom may act (the "Authorized Officers").

3. The Authorized Officers are each hereby authorized and directed to approve the final principal amount, maturities, interest rates and redemption prices, dates, amounts and other provisions of the Series 2004 Bonds, and the price at which the Underwriters shall purchase the Series 2004 Bonds; provided, however, that (a) the aggregate maximum principal amount of the Series 2004 Bonds shall not exceed \$200,000,000, (b) no Bond shall mature beyond January 1, 2036, (c) the Series 2004 Bonds shall bear interest in the manner set forth in the Bond Indenture and initially at an auction rate, and (d) no redemption premium shall exceed 103% of principal. The Series 2004 Bonds may be issued with or without credit enhancement.

4. The Authorized Officers are each authorized to execute and deliver the Loan Agreement, the Bond Indenture and one or more Purchase Contracts.

5. The Authorized Officers are each authorized to authorize the Underwriters to distribute the Preliminary Official Statement in form deemed "near final" as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), to prospective purchasers of the Series 2004 Bonds. The Preliminary Official Statement shall be in

substantially the form submitted to this meeting, which is hereby approved, with such completions, omissions, insertions and changes as may be approved by an Authorized Officer. The distribution of the Preliminary Official Statement shall constitute conclusive evidence of the approval of any such completions, omissions, insertions and changes and that the Authority has deemed such Preliminary Official Statement to be "near final" as of its date. The Authorized Officers are each authorized and directed to approve such completions, omissions, insertions and other changes to the Preliminary Official Statement necessary to reflect the terms of the sale of the Series 2004 Bonds, determined as set forth in paragraphs 2 and 3, and appropriate to complete it as an official statement in final form (an "Official Statement") and to execute and deliver such Official Statement to the Underwriters. Execution of the Official Statement by the Chairman or the Vice Chairman of the Authority shall constitute conclusive evidence of his approval of any such completions, omissions, insertions and changes and that the Official Statement has been deemed final by the Authority as of its date within the meaning of Rule 15c2-12.

6. The Authorized Officers are each hereby authorized and directed to accept from the Corporation the Note to evidence the Corporation's repayment obligation for the loan provided for in the Loan Agreement and to assign by endorsement and deliver the Note to the Bond Trustee as security for the Series 2004 Bonds.

7. The Authorized Officers are each hereby authorized and directed to execute the Series 2004 Bonds by manual or facsimile signature, and the Secretary of the Authority and the Assistant Secretary, either of whom may act, are authorized and directed to have the seal of the Authority affixed or printed thereon and to attest such seal by manual or facsimile signature. The officers of the Authority are authorized and directed to deliver the Series 2004 Bonds to the Bond Trustee for authentication and to cause the Series 2004 Bonds so executed and authenticated to be delivered to or for the account of the Underwriters upon terms provided in the Bond Purchase Agreement.

8. The Financing Documents and the Series 2004 Bonds shall be in substantially the forms submitted to this meeting, which are hereby approved, with such completions, amendments, omissions, insertions and changes that do not materially adversely affect the Authority's interests, as the executing officer of the Authority may approve, with execution of any Financing Document constituting conclusive evidence of approval of any such completions, amendments, omissions, insertions and changes.

9. The officers of the Authority are hereby authorized and directed to execute, deliver and file all documents, certificates and instruments, including Internal Revenue Service Form 8038 and any documents necessary or desirable for the refinancing of the VHA Note or refunding of the Series 1998 Bonds including escrow deposit agreements, on behalf of the Authority and to take all such further action as may be necessary or desirable in connection with the issuance and sale of the Series 2004 Bonds, the financing of the Project, the refinancing of the VHA Note and the refunding of the Series 1998 Bonds.

10. All other acts of the officers of the Authority that are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Series 2004 Bonds are hereby authorized, ratified and approved.

11. Any authorization herein to execute a document shall include authorization to record such document where appropriate and to deliver it to the other parties thereto.

12. At the request of the Corporation, the Authority hereby approves the selection of Hunton & Williams LLP as bond counsel to supervise the proceedings and approve the issuance of the Series 2004 Bonds.

13. All costs and expenses in connection with the issuance of the Series 2004 Bonds, the financing of the Project, the refinancing of the VHA Note and the refunding of the Series 1998 Bonds, including the fees and expenses of bond counsel and Authority counsel, shall be paid from the proceeds of the Series 2004 Bonds to the extent allowed by law. If for any reason the Series 2004 Bonds are not issued or if the proceeds thereof cannot be used to pay all such expenses, it is understood that all such costs and expenses shall be paid by the Corporation and that the Authority shall not have responsibility therefor.

14. It having been represented to the Authority that it may be necessary to proceed immediately with the acquisition, construction, equipping and installation of all or part of the Project, the Authority hereby agrees that the Corporation may proceed with its plans, enter into contracts for such acquisition, construction, equipping and installation, and take such other steps as it may deem appropriate in connection therewith; provided that nothing herein shall be deemed to authorize the Corporation to obligate the Authority without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Project. The Authority agrees that the Corporation, to the extent permitted by law, may be reimbursed from the proceeds of the Series 2004 Bonds for all costs so incurred by it.

15. In adopting this resolution the Authority intends to evidence its "official intent" within the meaning of Treasury Regulations 1.150-2 promulgated under the Code that expenditures with respect to the Project made prior to the issuance of the Series 2004 Bonds be reimbursed with proceeds of the Series 2004 Bonds.

16. The Authority hereby recommends that the City Council of the City of Lynchburg, Virginia, approve the issuance of the Series 2004 Bonds as required by Section 147(f) of the Code and Section 15.2-4906 of the Act.

17. This resolution shall become effective immediately.

CERTIFICATE

The undersigned Secretary of the Industrial Development Authority of the City of Lynchburg, Virginia (the "Authority"), hereby certifies that the foregoing is a true, correct and complete copy of a resolution adopted by a majority of the Directors of the Authority present and voting at a meeting duly called and held on October 21, 2004, in accordance with law, and that such resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect on the date hereof.

WITNESS the following signature this 21 day of October, 2004.



Gary J. Allen

Secretary, Industrial Development Authority of the
City of Lynchburg, Virginia

FISCAL IMPACT STATEMENT

October 21, 2004

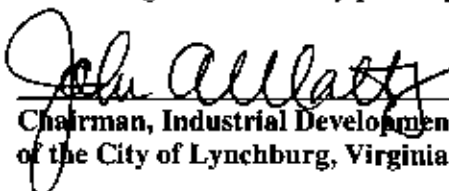
Date

Centra Health, Inc.

Applicant

(1) Lynchburg General Hospital, (2) Virginia Baptist Hospital,
(3) Centra Health, Inc. Corporate Offices, (4) Guggenheimer Nursing Home,
(5) Summit Health and Rehabilitation Center,
(6) Piedmont Psychiatric Center, and (7) Bridges Treatment Center
Facilities

- | | |
|---|---------------|
| 1. Maximum amount of financing sought. | \$200,000,000 |
| 2. Estimated taxable value of the facility's real property to be constructed in the locality. | \$ NA |
| 3. Estimated real property tax per year using present tax rates. | \$ N/A |
| 4. Estimated personal property tax per year using present tax rates. | \$ N/A |
| 5. Estimated merchant's capital tax per year using present tax rates. | \$ N/A |
| 6. a. Estimated dollar value per year of goods that will be purchased from Virginia companies within the locality | \$ 3,700,000 |
| b. Estimated dollar value per year of goods that will be purchased from non-Virginia companies within the locality | \$ 400,000 |
| c. Estimated dollar value per year of services that will be purchased from Virginia companies within the locality | \$ 16,300,000 |
| d. Estimated dollar value per year of services that will be purchased from non-Virginia companies within the locality | \$ 1,900,000 |
| 7. Estimated number of regular employees on year round basis | 3,355 |
| 8. Average annual salary per employee | \$ 42,925 |



Chairman, Industrial Development Authority
of the City of Lynchburg, Virginia